

**Assessed v. Appraised Pre-Council**  
**Monday, December 12, 2005**  
**10:15 a.m.**

**Council Present:** Ken Svoboda, Jonathan Cook, Jon Camp, Robin Eschliman, Patte Newman, Dan Marvin, Annette McRoy

**Others Present:** Richard Keith, Norm Agena, Mark Bowen, Ann Harrell, Karl Fredrickson, Joel Pedersen, Dallas McGee, Marc Wullschleger, Darl Naumann, Dana Roper, Coby Mach, Deena Winter

Chairperson Ken Svoboda started the pre-council at approximately 10:40 a.m.

Richard Keith of Great Plains Appraisal and Norm Agena, County Assessor/Register of Deeds, introduced themselves and gave brief histories of their experience.

Richard Keith gave the following summary:

There are many reasons the appraised value and the assessed value do not coincide. Both are "opinions of value". Appraisers and assessors have the same three approaches of value available when appraising properties: the cost approach, the sales comparison approach and the income approach.

Appraisers and assessors operate under different rules and regulations. They also work with different defined values and consider different property interests and property rights. There is a separate and distinct performance expectation from the assessor and independent real estate appraisers.

Fee appraisers are licensed and regulated by the State of Nebraska and are bound by the Uniform Standards of Appraisal Practice (USPAP). Assessors are exempt from USPAP and are governed by state statutes and professional organizations. Different criteria are imposed on the assessor and the appraiser which result in the difference in opinions of value.

There are several different types of value. Assessors are charged with determining assessed value. By contrast, appraisers deal with a wide variety of values including business value, fair value, insurable value, investment value, liquidation value and use value. The type of value being sought results in differences of value given by an assessor and an appraiser.

Property interest and property rights also contribute to the difference in value. Assessors are charged with only evaluating the fee simple estate which consists of all the rights in a property collectively. Appraisers are required to evaluate different property interests such as lease hold and lease fee estates. The assessor is required to make sure similar properties are assessed at the same value.

Appraisers focus more on one property while assessors must provide values on thousands of properties with limited resources. The resources assessors have to appraise the properties are minimal. Appraisers are able to see inside properties while

assessors generally are not. Property owners keep information from the assessor and view him sometimes as the enemy when it comes to property taxes. This makes his information less accurate.

Norm Agena gave the following summary:

He noted that fee appraisers deal with current sales while the assessor has to deal with sales data that is up to two years old. There are over 200 neighborhoods established in the City of Lincoln and are based on a type of property rather than subdivision lines. Values are derived from certain types of data. There is no leeway for establishing values because of the rules and regulations.

Agena noted that for something to sell for twice the assessed value is not an issue because of equalization.

Market value is a separately defined term and has nothing to do with what a property sells for.

The Assessor is not allowed to deem a property worth the same amount that it cost to build. Income generation needs to be evaluated and valued.

When there is a large discrepancy between assessed price and sale price, there are certain unknowns about the property. Environmental studies have not been completed. Appraisals are performed on what is known at the time including special limiting conditions which are unique to the appraisal assignment. It is important to know the conditions of the appraisal made by a good appraisal. After issues are revealed and fixed, the appraiser can be contacted again to make the appropriate adjustments.

Council members had the following inquiries:

Camp asked what elected officials should have access to regarding appraisals. Keith responded that the City has excellent staff that can lead elected officials through those issues. When there are problems with potential litigation, Keith contacts the City Attorney's office who assists him in solving these issues.

Marvin asked when asking for an appraisal, will the City give a directive on how they want the appraisal done. Keith responded that there is no standard. Issues are discussed for an "as is" appraisal. The value generally being looked for is a site ready value, but the deductions that have to be made to get to the property as is. For example, if demolition costs are needed, the demolition contractors are contacted for an estimate. Marvin noted it would be good to have the City ask for an as is value so all of the deductions are included in the appraisal so all of the costs are known.

In response to a question by Eschliman, Agena noted that no adjustments are made for vacant versus occupied commercial property. Both have the same typical income, expenses, etc. The value depends on what the property is.

The precouncil concluded at 11:19 a.m.